

PROSPERITY FOR WHOM?

By BERT SEIDMAN

Member, A. F. of L. Research Staff
All the current talk about so-called "high wages" and "defense prosperity" has a very hollow ring for the hundreds of thousands of families in this country whose breadwinners are still forced to work at extremely low wages.

There is much discussion in newspapers and magazines of the tremendous strides which the American economy has made in the past twenty years, and much of it is certainly justified. We have made substantial progress in this country. Through gains won by union organization and progressive social and economic legislation, the living standard of most workers has gradually improved.

But the advances which have undoubtedly been made should not blind us to the fact that there are still many families in this country whose incomes are so low that the American standard of living is for them but an empty dream.

Some of these people are among the 2,000,000 unemployed. Others, unable to work because of old age, physical or mental handicaps, are forced to eke out their lives on meager relief allotments or social security benefits.

These individuals by no means represent the total low-income group in the United States. There are many able-bodied Americans in full time jobs working at shamefully inadequate wages. It is a regrettable fact that there are far too many industries in this country in which wages are so low that their employees are unable to maintain a decent standard of living.

Many of these workers are in service and trade industries. For example, the average laundry worker in December, 1951, received only \$38.39 in his weekly pay envelope. Employees in general merchandise stores did even worse; their weekly wage was only \$63.92. Even this was a little better than the earnings of hotel workers, who averaged only \$36.76.

While many workers in the service and trade industries are notoriously underpaid, quite a number of manufacturing industries also belong on the same ill-starred list. Here are some examples of average weekly earnings in low-wage manufacturing industries in December, 1951:

Tobacco stemming and redrying	\$38.39
Seamless hosiery	39.55
Work shirts	32.15
Household apparel	39.14
Curtains and draperies	39.71

There is one thing always to keep in mind about averages—50 per cent are below the average. Thus, with an average weekly wage of \$39.39 in laundries, half of all the workers in the industry receive less than this amount.

The current low level of wages in these industries is only half of the story. It is also significant that the tremendous rise in prices since before World War II has eaten up most of the increase in wages which low-wage workers have obtained since then.

Let us take another look at the earnings of the average laundry worker. The \$38.39 weekly which he received in December could only buy as much as \$20.18 could buy in 1939. Since in 1939 his weekly pay averaged \$17.69, in December, 1951, he was getting only about \$2.50 a week more in 1939 dollars than he was in 1939.

As a matter of fact, at the end

GET SET FOR Thanksgiving



of 1951 he was actually worse off than he was in 1945. Even though his money wages increased by almost \$10 between 1945 and the end of 1951, his buying power dropped by almost nine per cent.

He also suffered a decrease in his buying power if you take June, 1950, the beginning of the Korean war, as the comparison point. From June, 1950, to December, 1951, the consumers' price index rose by 11.1 per cent.

But here are the changes in average weekly earnings for some of the low-wage industries:

Laundries	5.7% increase
Tobacco stemming and redrying	4.3% increase
Men's, boy's furnishings and work clothing	1.4% increase
General merchandise stores	0.9% increase
Hotels	10.3% increase

Thus, these workers, who were already extremely low-paid, have suffered further cuts in their buying power since Korea.

Incidentally, all of the foregoing discussion of the buying power of the laundry worker's wage is based on changes in prices as shown by the consumer's price index of the Department of Labor. This index is fairly accurate in measuring the average increase in prices of the goods and services bought by all workers. However, it underestimates the rise of prices for the things bought by low-income families. This is because low-income families must spend such a large proportion of their meager incomes for food, and food prices have gone up much faster than other prices.

Thus, the average laundry worker earns a good bit less than \$20 a week in terms of 1939 dollars, and what is true for the laundry worker is true also for the hotel worker and the employees in seamless hosiery firms, in tobacco stemming and redrying, and the other low-paid industries.

Even this is not the whole story. Few people realize what a large proportion of the earnings of low-income families goes into taxes. As A. F. of L. spokesmen have main-

tained for many years, the tax system in this country is by no means based on the principle of ability to pay if you take into account all types of taxes and not just the federal income tax.

Every time the federal government imposes another excise tax, every time a state enacts a sales tax, the burden falls most heavily on the lowest income families.

The fact is that low-income families bear a crushing tax burden. Out of their meager incomes they are being taxed just as heavily as families in higher income brackets. In 1948 families earning less than \$1000 a year paid out 23.6 per cent of their income in taxes. This was higher than any group except those earning \$7500 and up. The percentage of income going to taxes was nearly as high for those earning \$1900 to \$1999. These families paid 20.3 per cent of their income in taxes. This compares with 21.7 per cent for the \$4000 to \$4999 group, and 23.1 per cent for the \$5000 to \$7499 group.

While the low-income families are paying far more than their fair share of taxes, they are unable to maintain even a minimum standard of living.

In 1945 a subcommittee of the House Labor Committee asked the

Bureau of Labor Statistics to find out for a number of cities the number of "dollars required for the average worker in overalls to live in these cities."

The Bureau came up with its answers in the form of a city worker's family budget for June, 1947. Since then the Bureau of National Affairs, a private organization, has been keeping these figures up-to-date by a procedure recognized by the Bureau of Labor Statistics. The estimate of this city worker's family budget for a family of four in December, 1951, ranged from \$3835 in Kansas City to \$4347 in San Francisco. Translated into weekly amounts, that would be \$73.75 in Kansas City and \$83.60 in San Francisco.

This means that the low-wage workers we have been talking about earned only about one-half of what it costs "the average worker in overalls to live." Yet the budget provided for by earnings of \$73.75 in Kansas City or \$83.60 in San Francisco is by no means on a luxury scale. Here are some of the maximum expenditures it permits:

For the family:
A toaster every 25 years
A carpet sweeper every 33 years
A radio once in 10 years
Two sheets, three bath towels,

one hand towel and two face cloths every year

For the husband:

An overcoat every 7 years
A raincoat every 12½ years
A bathrobe every 12½ years
House slippers every 5 years

For the wife:

A skirt every 5 years
A blouse every 2 years
A nightgown every year
A bathrobe every 20 years

Each member of the family can have his teeth cleaned by a dentist on an average of less than once every two years.

It permits only four paid admissions a year for the entire family to plays, concerts or sports events.

Although the budget is meant to apply to a family with two growing children, it does not even allow for two quarts of milk a day for the entire family. It permits less than one egg per day for each member of the family. Most of the meat it provides for is of the low-price kind such as steaks, hamburger and frankfurters, with very little allowed for roasts, steaks or chops.

Yet to meet this budget, which represents what the Bureau of Labor Statistics calls the "total dollars necessary to provide family health, worker efficiency, nurture of children and social participation by all members of the family," the average laundry worker or hosiery worker or worker in a tobacco stemmery would have to double his weekly wage.

In current prices the food part of the budget alone cost \$1100 to \$1200. This is considerably more than half of the total income of a worker earning \$40 or less per week.

Low-wage workers have been particularly hurt by the failure of the Wage Stabilization Board to develop a policy with regard to substandard wages. Under the present policies of the Board permissible wage increases are stated in percentage terms. It can be readily seen that this means a smaller dollar amount for low-wage workers. For example, if a worker earning \$1.60 in January, 1950, is permitted an increase of 14 per cent, this amounts to 22 cents. On the other hand, the worker earning only \$1.20 is permitted the same maximum percentage increase, which is less than 17 cents.

This is obviously an unjust treatment of low-wage workers. There is need for a new regulation which will say, in effect, that anyone who earns less than a certain minimum amount is permitted to receive a wage increase up to that level regardless of what that increase may be in money or percentage terms.

Such a policy has already been applied to farm workers. They are now permitted to receive increases up to 95 cents an hour plus 15 per cent, or roughly \$1.10. However, nothing has been done for non-agricultural workers working at substandard wages.

It seems clear that there is immediate need for the Wage Stabilization Board to adopt a policy which will permit increases to bring low-wage workers up to a level high enough to sustain themselves and their families at a decent standard of living.

A wage stabilization policy for substandard workers is not the whole answer to the problem of increasing the standard of living of low-wage workers. There is also a job to do on the legislative front. Despite the more than 10 per cent increase in the cost of living which has occurred since 1949, when the Fair Labor Standards Act was amended, the minimum wage has remained unchanged at 75 cents an hour. The American Federation of Labor has urged that the minimum wage be increased to at least \$1.10 an hour.

Even this will not protect many

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(Continued from Page One)

would try to get India, Pakistan and South Africa together for peaceful talks.

Meanwhile, opposition to the Arab-Asian request, expressed in the General Assembly's Special Political Committee by the delegates from France, the Netherlands and New Zealand. But apart from the 15 Asian and Arab countries who sponsored the joint resolution, seven others have promised support.

workers who are not engaged in "interstate commerce" and are therefore excluded from coverage under the Fair Labor Standards Act. Most states either have no minimum wage legislation or it is restricted to women. Where they have minimum wage legislation, the minimum is, in most cases, lower than that provided for in the Fair Labor Standards Act. It is, therefore, very important that minimum wage laws in the states be extended to men and that the level of minimum wages set by state legislation be raised to at least that provided for by the Fair Labor Standards Act.

There is also a very basic and important role for union organization in this field. The success which many unions have had in raising the level of living for low wage workers indicates very clearly that many workers are low-paid primarily because they lack sufficient bargaining power and not because of any individual failings or even because of low productivity of their industries.

The fact is that, by and large, the lowest wages are paid in the unorganized industries. The only way that low-wage workers can obtain sufficient strength to bargain on an equal level with their employers' is by organizing into unions. The tremendous gains which A. F. of L. unions in trade and service industries have made in recent years are a clear indication that there is no reason why wages in these traditionally low-wage industries cannot be brought up to a much higher level.

Through a proper wage stabilization policy, decent minimum wage legislation and union organization, it should be possible to raise the level of living of millions of underprivileged families in the United States.

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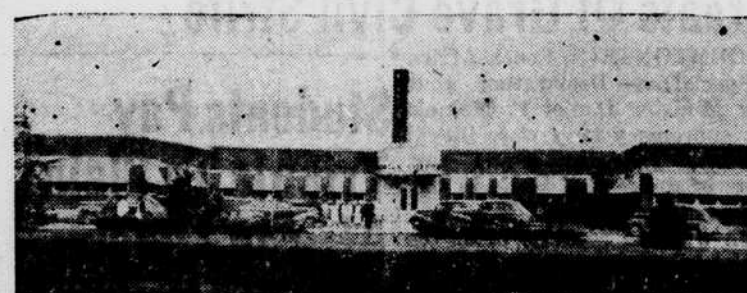
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